

## Message Text

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PAGE 01 STATE 082352

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ORIGIN EA-09

INFO OCT-01 ISO-00 /010 R

DRAFTED BY EA/ROC:CWFREEMAN,JR.:BDS

APPROVED BY EA/ROC:BLEVIN

EA/P - MR. SMITH (INFO)

----- 078586

O P 061709Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI IMMEDIATE

INFO USLO PEKING PRIORITY

AMCONSUL HONG KONG PRIORITY

UNCLAS STATE 082352

E.O. 11652: N/A

TAGS: PFOR, MILI, TW, US

SUBJECT: ALLEGATION OF ROC EFFORT AT ILLEGAL WEAPONS  
PROCUREMENT

FOLLOWING IS TEXT OF JACK ANDERSON ALLEGATION OF ROC  
EFFORT TO ACQUIRE TORPEDOES WHICH APPEARED APRIL 6,  
1976 IN THE WASHINGTON POST:

QUOTE: TAIWAN SCANDAL HUSHED.

CHINESE NATIONALIST OFFICIALS ATTEMPTED LAST YEAR TO  
BUY SOME BOOTLEG US TORPEDOES, WHICH ARE ON THE FOR-  
BIDDEN LIST.

THE SOPHISTICATED NAVAL TORPEDOES AREN'T SUPPOSED TO  
BE MADE AVAILABLE EVEN TO AMERICA'S MOST TRUSTED  
ALLIES, REPORTEDLY, BECAUSE OF THEIR SECRET GUIDANCE  
MECHANISM.

TO SAVE FACE FOR THE CHINESE, THE SCANDAL HAS BEEN  
HUSHED UP. NO MOVE HAS BEEN MADE TO PROSECUTE EITHER  
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PAGE 02 STATE 082352

THE CHINESE OR AMERICANS WHO WERE INVOLVED IN THE

ILLEGAL SCHEME.

THE FORMER CHINESE NAVAL ATTACHE, REAR ADM. CHIU HAU-KU, WAS SENT HOME TO TAIWAN FOR HIS ROLE IN THE DEAL. SOURCES CLOSE TO THE CASE TELL US, HOWEVER, THAT THE ADMIRAL WAS MERELY A SCAPEGOAT.

THEY ARE CONVINCED THAT THE ORDERS TO GO AHEAD WITH THE BOOTLEG PURCHASE CAME DIRECTLY FROM TAIPEI, PROBABLY FROM PREMIER CHIANG CHING-KUO WHO PERSONALLY RUNS THE CHINESE NATIONALIST ARMED FORCES.

THE OUSTED ADMIRAL, ACCORDING TO OUR SOURCES, WAS IN TOUCH WITH A CALIFORNIA CON MAN WHO POSED AS A NAVAL OFFICER AND OFFERED TO SELL THE CHINESE THE BANNED TORPEDOES. IT IS DOUBTFUL WHETHER THE PROMOTER COULD HAVE DELIVERED THEM.

IN ANY EVENT, THE FBI GOT WIND OF THE SCHEME AND NOTIFIED THE STATE DEPARTMENT. IT WAS AGREED TO KEEP THE INCIDENT QUIET IN ORDER TO SPARE AN ALLY PUBLIC EMBARRASSMENT.

FOOTNOTE: NEITHER THE STATE NOR DEFENSE DEPARTMENTS WOULD COMMENT ON THE STORY. NATIONALIST CHINA'S AMBASSADOR JAMES SHEN TOLD OUR ASSOCIATE JOE SPEAR: "NO COMMENT, NO RESPONSE. I DON'T EVEN WANT TO KNOW ABOUT IT. I WILL WAIT AND READ IT."

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